

Message Text

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43/12

ACTION EB-11

INFO OCT-01 EUR-25 NEA-14 ISO-00 AGR-20 COME-00 SWF-02

TRSE-00 AID-20 IGA-02 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03

SS-20 USIA-15 DRC-01 OMB-01 IO-14 SAM-01 /186 W

----- 044081

R 021815Z JUL 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 2426

INFO AMEMBASSY MOSCOW

AMEMBASSY OTTAWA

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

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C O R R E C T E D C O P Y (TEXT)

PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, IN

SUBJECT: INDIAN GRAIN SUPPLY

REF: STATE 136682

1. GOI'S STRATEGY FOR MEETING ITS FOODGRAIN NEEDS FOR NEXT 9-12 MONTHS RESTS LARGELY ON FOLLOWING POINTS: (A) ASSUMPTION OF GOOD MONSOON THIS SUMMER; (B) SUPPLY MINIMUM NEEDS OF LARGE URBAN CITIES AND CERTAIN KEY STATES WITH REST OF POPULATION LEFT TO TAKE CARE OF THEMSELVES; (C) MINIMAL OF GRAIN IMPORTS TO MEET ANY RESULTING SHORTAGES.

2. AT THIS STAGE, ALL ESTIMATES OF INDIA'S FOODGRAIN IMPORT
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REQUIREMENTS MUST NECESSARILY BE HIGHLY TENTATIVE UNTIL WE

KNOW MORE ABOUT THIS YEAR'S MONSOON. ASSUMING MONSOON IS GOOD, THAT WORLD PRICES PERMIT, AND OR THAT ACCEPTABLE FINANCING IS AVAILABLE, INDIA'S IMPORTS ARE LIKELY TO BE AT LEAST 6.24 MILLION TONS. TO THE EXTENT THAT MONSOON FALLS SHORT, INDIA'S NEEDS WILL BE GREATER--6-7 MILLION TONS OR MORE, HOWEVER, ALL THINGS CONSIDERED, OUR BEST ESTIMATE IS THAT INDIA SHOULD NEED TO IMPORT APPROXIMATELY 5 MILLION TONS DURING USFY 75.

3. FOODGRAIN IMPORTS WILL BE FINANCED BY ONE OR A COMBINATION OF THE FOLLOWING MEANS: (A) INDIA'S FOREIGN EXCHANGE HOLDINGS; (B) CONCESSIONAL TERMS THAT CAN BE ARRANGED WITH THIRD COUNTRY SUPPLIERS, INCLUDING USSR; AND (C) ADDITIONAL DRAWINGS FROM INTERNATIONAL MONETARY INSTITUTIONS. WE UNDERSTAND ALL OF INDIA'S PURCHASES OF WHEAT DURING LAST THREE MONTHS HAVE BEEN FROM US. ADDITIONALLY, SOME GRAIN SORGHUM IS BELIEVED TO HAVE BEEN RECENTLY PURCHASED FROM ARGENTINE.

4. REGARDING CONCESSIONAL IMPORTS, A SMALL QUANTITY FROM LAST YEAR'S RUSSIAN LOAN AGREEMENT IS EXPECTED TO ARRIVE DURING THE FIRST PART OF USFY 1974-75. AUSTRALIA IS UNDERSTOOD TO HAVE OFFERED INDIA 40,000-50,000 TONS OF GRANT WHEAT FOR POSSIBLE SHIPMENT EARLY NEXT YEAR. CANADA IS BELIEVED READY TO MAKE AVAILABLE ROUGHLY 25 MILLION DOLLARS WORTH OF GRANT WHEAT. WE ALSO BELIEVE INDIA HAS OR IS LIKELY TO APPROACH RUSSIA FOR MORE CONCESSIONAL WHEAT.

5. GOI OFFICIALS HERE HAVE NOT OFFICIALLY INDICATED TO US ANY REQUEST FOR A TITLE I PROGRAM. IF A TITLE I PROGRAM SHOULD BE REQUESTED, IT IS QUITE LIKELY TO BE FOR AT LEAST ONE MILLION TONS AND POSSIBLY MORE. GIVEN OUR ESTIMATE OF INDIA'S IMPORT REQUIREMENTS, A TITLE I PROGRAM OF ONE MILLION TONS OR MORE COULD BE JUSTIFIED FROM A NEED STANDPOINT. IF THERE IS A MONSOON FAILURE, INDIA'S NEEDS MIGHT BE MORE THAN THE WORLD CAN SUPPLY WITHOUT SIGNIFICANTLY ENDANGERING FUTURE RESERVE STOCK LEVELS.
SCHNEIDER

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